
HOUSE BILL No. 2123

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-20.

Synopsis: Tax credit for brownfield program. Allows a credit against state tax liability for certain voluntary environmental remediation costs. Limits the credit to \$1,000,000 statewide. Provides that the credit amount for each year shall be deducted from the industrial development grant fund and the environmental remediation revolving loan fund subaccount to replenish the state general fund. Provides that the department of environmental management shall share administrative duties with the Indiana development finance authority. Provides that no new tax credits are allowed for tax years beginning after December 31, 2003.

Effective: Upon passage; January 1, 2001 (retroactive).

Ripley

January 17, 2001, read first time and referred to Committee on Ways and Means.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

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HOUSE BILL No. 2123



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2001]:

4 **Chapter 20. Voluntary Remediation Tax Credit**

5 **Sec. 1. As used in this chapter, "brownfield" has the meaning set**
6 **forth in IC 13-11-2-19.3.**

7 **Sec. 2. As used in this chapter, "pass through entity" means:**

- 8 (1) a corporation that is exempt from the adjusted gross
- 9 income tax under IC 6-3-2-2.8(2);
- 10 (2) a partnership;
- 11 (3) a limited liability company; or
- 12 (4) a limited liability partnership.

13 **Sec. 3. As used in this chapter, "qualified investment" means**
14 **costs that:**

- 15 (1) are incurred to conduct a voluntary remediation under
- 16 IC 13-25-5 that involves the remediation of a brownfield;
- 17 (2) may not be recovered by a taxpayer from another person



1 after the taxpayer has made a good faith effort to recover the
2 costs; and

3 (3) are approved by the department of environmental
4 management and the Indiana development finance authority
5 under section 12 of this chapter.

6 **Sec. 4.** As used in this chapter, "state tax liability" means a
7 taxpayer's total tax liability incurred under:

- 8 (1) IC 6-2.1 (the gross income tax);
9 (2) IC 6-2.5 (the state gross retail and use tax);
10 (3) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
11 (4) IC 6-3-8 (the supplemental net income tax);
12 (5) IC 6-5-10 (the bank tax);
13 (6) IC 6-5-11 (the savings and loan association tax);
14 (7) IC 6-5.5 (the financial institutions tax); and
15 (8) IC 27-1-18-2 (the insurance premiums tax);

16 as computed after the application of the credits that under
17 IC 6-3.1-1-2 are to be applied before the credit provided by this
18 chapter.

19 **Sec. 5. (a)** A taxpayer is entitled to a credit equal to the amount
20 determined under section 6 of this chapter against the taxpayer's
21 state tax liability for a taxable year if the following requirements
22 are satisfied:

23 (1) The taxpayer does the following:

- 24 (A) Makes a qualified investment in that taxable year.
25 (B) Makes a good faith attempt to recover the costs of the
26 environmental damages from the liable parties.
27 (C) Submits a plan to the legislative body of the political
28 subdivision in which the property is located to redevelop
29 the property in a manner in which the legislative body
30 determines to be in the best interest of the community.

31 (2) The legislative body of the political subdivision in which
32 the property is located adopts a resolution under section 7 of
33 this chapter approving the credit.

34 (b) The redevelopment plan must include a statement of public
35 benefits, which must include the following:

- 36 (1) A description of the proposed redevelopment.
37 (2) An estimate of the number of individuals who will be
38 employed or housed in the new development and an estimate
39 of the annual salaries of the employees.

40 (c) In determining whether the redevelopment is in the best
41 interest of the community, the legislative body must consider,
42 among other things, whether the proposed development promotes:

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- 1 (1) the development of low to moderate income housing;
- 2 (2) the development of green space;
- 3 (3) the development of high technology businesses; or
- 4 (4) the creation or retention of high paying jobs.

5 Sec. 6. The amount of the credit allowed under this chapter is
6 equal to ten percent (10%) multiplied by the qualified investment
7 made by the taxpayer during the taxable year.

8 Sec. 7. After the submission of a statement of benefits under
9 section 5 of this chapter, the legislative body may adopt a
10 resolution to approve a tax credit.

11 Sec. 8. Before adopting a resolution under section 7 of this
12 chapter, a legislative body shall publish notice of the proposed
13 resolution and the public hearing required under section 9 of this
14 chapter in accordance with IC 5-3-1. The published notice must
15 contain the substance of the proposed resolution.

16 Sec. 9. Before adopting a resolution under section 7 of this
17 chapter, the legislative body must review the statement of benefits
18 required under section 5 of this chapter and conduct a public
19 hearing on the proposed tax credit.

20 Sec. 10. (a) The legislative body shall determine whether to
21 approve a tax credit allowed under this chapter.

22 (b) A legislative body may approve a credit only if the following
23 findings are made in the affirmative:

24 (1) The taxpayer:

25 (A) has never had an ownership interest in an entity that
26 contributed; and

27 (B) has not contributed;

28 to contamination (as defined in IC 13-11-2-43) that is the
29 subject of the voluntary remediation, as determined under the
30 written standards adopted by the department of
31 environmental management and the Indiana development
32 finance authority.

33 (2) The proposed improvement or property will be located in
34 a zone (as defined in IC 6-1.1-42-4).

35 (3) The estimate of the value of the remediation and
36 redevelopment is reasonable for projects of that nature.

37 (4) The estimate of the number of individuals who will be
38 housed, employed, or whose employment will be retained can
39 be reasonably expected to result from the proposed described
40 remediation and redevelopment.

41 (5) The estimate of the annual salaries of those individuals
42 who will be employed or whose employment will be retained

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1 can be reasonably expected to result from the proposed
2 described remediation and redevelopment.

3 (6) Any other benefits about which information was requested
4 are benefits that can be reasonably expected to result from the
5 proposed described remediation and redevelopment.

6 (7) The totality of benefits is sufficient to justify the credit.

7 Sec. 11. (a) If the amount determined under section 6 of this
8 chapter in a taxable year exceeds the taxpayer's state tax liability
9 for that taxable year, the taxpayer may carry the excess over for
10 not more than the immediately following five (5) taxable years. The
11 amount of the credit carryover from a taxable year shall be
12 reduced to the extent that the carryover is used by the taxpayer to
13 obtain a credit under this chapter for any subsequent taxable year.

14 (b) A taxpayer is not entitled to a carryback of any unused
15 credit.

16 Sec. 12. (a) To be entitled to a credit under this chapter, a
17 taxpayer must request the department of environmental
18 management and the Indiana development finance authority to
19 determine if costs incurred in a voluntary remediation involving a
20 brownfield are qualified investments.

21 (b) The request under subsection (a) must be made before the
22 costs are incurred.

23 (c) The department of environmental management and the
24 Indiana development finance authority shall find that costs are a
25 qualified investment to the extent that the costs:

26 (1) result from work performed in Indiana to conduct a
27 voluntary remediation under IC 13-25-5 that involves the
28 remediation of a brownfield;

29 (2) may not be recovered by the taxpayer from another
30 person after the taxpayer has made a good faith effort to
31 recover the costs; and

32 (3) result in taxable income to any other Indiana taxpayer;
33 as determined under the standards adopted by the department of
34 environmental management.

35 Sec. 13. (a) To receive the credit provided by this chapter, a
36 taxpayer must claim the credit on the taxpayer's state tax return
37 or returns in the manner prescribed by the department.

38 (b) The taxpayer shall submit the following to the department
39 of state revenue:

40 (1) The certification of the credit by the department of
41 environmental management and the Indiana development
42 finance authority.

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- 1 (2) Proof of payment of the certified qualified investment.
 2 (3) Proof of the legislative body's approval of the credit.
 3 (4) Information that the department determines is necessary
 4 for the calculation of the credit provided by this chapter and
 5 for the determination of whether an investment cost is a
 6 qualified investment cost.

7 **Sec. 14. (a)** If a pass through entity is entitled to a credit under
 8 this chapter but does not have state tax liability against which the
 9 tax credit may be applied, a shareholder, a partner, or a member
 10 of the pass through entity is entitled to a tax credit equal to:

- 11 (1) the tax credit determined for the pass through entity for
 12 the taxable year; multiplied by
 13 (2) the percentage of the pass through entity's distributive
 14 income to which the shareholder, partner, or member is
 15 entitled.

16 **(b)** The credit provided under subsection (a) is in addition to a
 17 tax credit to which a shareholder, partner, or member of a pass
 18 through entity is otherwise entitled under this chapter. However,
 19 a pass through entity and a shareholder, partner, or member of the
 20 pass through entity may not claim more than one (1) credit for the
 21 same qualified expenditure.

22 **Sec. 15. (a)** The amount of tax credits allowed under this chapter
 23 may not exceed one million dollars (\$1,000,000) in a state fiscal
 24 year unless the Indiana development finance authority determines
 25 under subsection (f) that money is available for additional tax
 26 credits in a particular state fiscal year.

27 **(b)** The department shall record the time of filing of each
 28 application for allowance of a credit under section 13 of this
 29 chapter and shall approve an application, if the applicant
 30 otherwise qualifies for a tax credit under this chapter, in the
 31 chronological order in which the application is filed in the state
 32 fiscal year.

33 **(c)** If the total credits approved under this section equal the
 34 maximum amount allowable in a state fiscal year, an application
 35 thereafter filed in that same fiscal year may not be approved.
 36 However, if an applicant for whom a credit has been approved fails
 37 to file the statement of proof of payment required under section 13
 38 of this chapter, an amount equal to the credit previously allowed
 39 or set aside for the applicant may be allowed to the next eligible
 40 applicant or applicants until the total amount has been allowed. In
 41 addition, the department may, if the applicant so requests, approve
 42 a credit application, in whole or in part, with respect to the next



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1 succeeding state fiscal year.

2 (d) The department of state revenue shall report the total credits
3 granted for each state fiscal year to the Indiana development
4 finance authority. The Indiana development finance authority shall
5 transfer to the state general fund an amount equal to the total
6 credits in equal proportion from the subaccount of the
7 environmental remediation revolving loan fund (IC 13-19-5). If the
8 appropriations from the subaccount exceed the amount available
9 in the fund or subaccount, the appropriation is reduced to the
10 amount available, and the deficiency may not be augmented from
11 the state general fund.

12 (e) The applicant shall notify the department of environmental
13 management and the Indiana development finance authority that
14 the applicant intends to pursue tax credits under this chapter at the
15 time that the applicant applies to the department of environmental
16 management for participation in the voluntary remediation
17 program.

18 (f) At the end of each state fiscal year, the Indiana development
19 finance authority may determine whether money is available to
20 provide tax credits in excess of the amount set forth in subsection
21 (a) in the subsequent state fiscal year.

22 (g) Before December 31 of each year, the Indiana development
23 finance authority may assess the demand for tax credits under this
24 chapter and determine whether the need for other brownfield
25 activities is greater than the need for tax credits. If the Indiana
26 development finance authority determines that the need for other
27 brownfield activities is greater than the need for tax credits, the
28 authority may set aside up to three-fourths (3/4) of the amount of
29 allowable tax credits for the state fiscal year and use it for other
30 brownfield projects. The Indiana development finance authority
31 may use money not used for tax credits for any permissible
32 purpose. However, money specifically appropriated for tax credits
33 may not be set aside for another use.

34 **Sec. 16. A tax credit may not be allowed under this chapter for**
35 **a taxable year that begins after December 31, 2003. However, this**
36 **section does not affect the ability of a taxpayer to carry forward**
37 **the excess of a tax credit claimed for taxable years 2002 or 2003**
38 **under section 11 of this chapter.**

39 SECTION 2. [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)]
40 IC 6-3.1-20, as added by this act, applies to taxable years beginning
41 after December 31, 2001.

42 SECTION 3. [EFFECTIVE UPON PASSAGE] (a) Before



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1 **December 31, 2001, the Indiana development finance authority**
2 **shall determine whether money is specifically appropriated to**
3 **provide tax credits for the taxable year 2001 that exceed the**
4 **amount set forth in IC 6-3.1-20-15(a), as added by this act.**
5 **(b) If money is specifically appropriated for tax credits in the**
6 **period beginning July 1, 2001, and ending June 30, 2003, the**
7 **Indiana development finance authority, with the approval of the**
8 **budget committee, shall use the money to provide tax credits under**
9 **IC 6-3.1-20, as added by this act.**
10 **SECTION 4. An emergency is declared for this act.**

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